

Message Text

CONFIDENTIAL

PAGE 01 GENEVA 09795 01 OF 02 281004Z

ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 L-03 FRB-03 OMB-01

ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 COME-00

INR-10 LAB-04 NSAE-00 OIC-02 SIL-01 STR-07

TRSE-00 CEA-01 SS-15 EA-10 NEA-11 OPIC-03 H-01

PA-01 INRE-00 SSO-00 NSCE-00 AF-10 ARA-10 /135 W

-----063277 281929Z /14

O 280928Z JUN 78

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 1410

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 01 OF 02 GENEVA 09795

USEEC USOECD

E.O. 11652: GDS

TAGS: UNCTAD

SUBJECT: COMMON FUND - GENEVA INFORMAL MEETING,
JUNE 26-27

REF: (A) KHARTOUM 2302, (B) BRUSSELS 10257

(C) PARIS 20147

1. SUMMARY: LATEST GENEVA INFORMAL MEETING BROKE NO
NEW GROUND IN RELATION TO THE PREVIOUS MEETING (REFTELS)
AND REVEALED NO MOVEMENT BY THE GROUP OF 77 ON THE MAIN
SUBSTANTIVE ISSUES OF CAPITAL STRUCTURE; OTHER MEASURES;
SECOND WINDOW; AND ORGANIZATION AND VOTING. ON THE
QUESTION OF RESUMPTION OF THE NEGOTIATIONS ALL LDC AND A
FEW DC REPRESENTATIVES PRESSED FOR SETTING A DATE IN
SEPTEMBER/OCTOBER WHILE THE MAJOR DEVELOPED COUNTRIES
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GENEVA 09795 01 OF 02 281004Z

WERE MORE CAUTIOUS -- WITH THE U.S. SUGGESTING USEFULNESS
OF FURTHER CONSULTATIONS IN DETERMINING WHETHER A
REASONABLE BASIS FOR RESUMPTION EXISTED. ALTHOUGH THE
ISSUE REMAINED UNRESOLVED, BEST GUESS IS THAT UNCTAD
SECGEN COREA WILL RECOMMEND TO JULY 10-14 UNCTAD INTER-
GOVERNMENTAL GROUP MEETING SPECIFIC DATES IN LATE
FALL AS WELL AS FURTHER INFORMAL INTERIM CONTACTS TO TRY

TO SET THE STAGE FOR RESUMPTION. END SUMMARY.

2. COREA AND THE G-77 REPS STRESSED BOTH THE ECONOMIC RATIONALE AND POLITICAL NECESSITY OF DIRECT CONTRIBUTIONS TO THE CAPITAL STRUCTURE OF THE FUND AND A SECOND WINDOW WITH A FINANCIAL ROLE. THE MAIN GROUP B COUNTRIES, WITH VARYING DEGREES OF NUANCE, AGAIN INDICATED THE DIFFICULTIES THEY SAW IN THESE NOTIONS. THE U.S. WAS THE MOST EXPLICIT IN QUESTIONING THEIR ECONOMIC RATIONALE, EXPLAINING THE DOMESTIC POLITICAL CONSTRAINTS ON ITS OWN POSITION, AND STRESSING THE FINANCIAL VIABILITY OF THE BASIC GROUP B APPROACH.

3. REPRESENTED BY UNDER SECRETARY COOPER THE FIRST DAY AND WENDT THE SECOND, THE U.S., WHILE PAYING TRIBUTE TO COREA'S EFFORTS, POINTED TO DIFFICULTIES IN THE COREA PAPER IN THE FOLLOWING AREAS:

(A) \$500 MILLION DIRECT ASSESSED CONTRIBUTIONS TO THE CAPITAL STRUCTURE - ABSENCE OF A COMPELLING ECONOMIC RATIONALE;

(B) 25/75 PERCENT DEPOSIT CREDIT-RATIO -- TOO LOW;

(C) CALLABLE CAPITAL - PROBLEM OF ULTIMATE LIABILITY OF U.S. FOR ICAS OF WHICH IT IS NOT A MEMBER;
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GENEVA 09795 01 OF 02 281004Z

(D) OTHER MEASURES - AGAIN, LACK OF ECONOMIC RATIONALE FOR A FINANCIAL SECOND WINDOW AND DOMESTIC POLITICAL CONSTRAINTS. ASSERTIONS BY LDC REPS THAT ALL BUT THE U.S. ACCEPTED THE PRINCIPLE OF A SECOND WINDOW IN THE FUND WENT UNCHALLENGED BY OTHER DEVELOPED COUNTRIES, ALTHOUGH THESE QUESTIONED THE SCOPE AND AMOUNTS THE 77 HAVE IN MIND;

(E) VOTING - SLANTING OF THE COREA PAPER TOWARD ATTAINING THE OBJECTIVES OF THE NIEO AND FAILURE TO SUGGEST A SCHEME THAT WOULD SAFEGUARD THE INTERESTS OF MEMBER ICAS;

(F) FINANCING NATIONAL STOCKS OUTSIDE OF ICAS -- NEARLY ALL DCS TOOK ISSUE WITH THIS PROVISION.

4. ON THE QUESTION OF RESUMPTION, THE LDC REPS, SUPPORTED BY AUSTRALIA AND NORWAY, ARGUED THAT (1) INFORMAL CONSULTATIONS HAD ACHIEVED SOME PROGRESS BUT WOULD SERVE NO FURTHER PURPOSE; (2) SETTING A DATE FOR RESUMPTION WOULD "CONCENTRATE THE MINDS"; AND (3) THE DATE SHOULD BE LATE SEPTEMBER OR EARLY OCTOBER.

5. COREA, OBVIOUSLY UNDER CONSIDERABLE PRESSURE FROM THE
77 -- MOST OF WHOM ARE NOT PRESENT AT THE MEETINGS --
SUPPORTED THIS VIEW. STRESSING THE NEED TO SUSTAIN THE
MOMENTUM AND AVOID GETTING TOO CLOSE TO UNCTAD V, COREA
INDICATED A CLEAR PREFERENCE FOR LATE SEPTEMBER OR EARLY
OCTOBER. FRANCE, THE UK, JAPAN, CANADA, NETHERLANDS AND
THE U.S. TOOK A MORE CAUTIOUS APPROACH, WITH MOST SUG-
GESTING A TARGET DATE CLOSER TO THE END OF THE YEAR. THE
U.S. AND THE NETHERLANDS QUESTIONED WHETHER DIFFERENCES
HAD NARROWED SUFFICIENTLY TO JUSTIFY RESUMPTION, WHILE
THE U.S. AND U.K. ARGUED FOR SOME SORT OF FURTHER IN-

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 GENEVA 09795 02 OF 02 281004Z
ACTION EB-08

INFO OCT-01 ISO-00 IO-13 EUR-12 L-03 FRB-03 OMB-01
ITC-01 SP-02 AGRE-00 AID-05 CIAE-00 COME-00
INR-10 LAB-04 NSAE-00 OIC-02 SIL-01 STR-07
TRSE-00 CEA-01 SS-15 EA-10 NEA-11 OPIC-03 H-01
PA-01 INRE-00 SSO-00 NSCE-00 AF-10 ARA-10 /135 W
-----063263 281035Z /14

O 280928Z JUN 78
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 1411
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 02 OF 02 GENEVA 09795

USEEC USOECD

FORMAL CONSULTATIONS PRIOR TO A DECISION. THE CLEAR
LACK OF ENTHUSIASM FOR THIS ON THE PART OF THE OTHER
PARTICIPANTS, HOWEVER, MAKES SUCH CONSULTATIONS -- AT
LEAST IN THEIR PRESENT FORM -- AN UNLIKELY PROSPECT.
ALTHOUGH COREA HAS NOT YET MADE A FINAL DECISION, THE
ODDS ARE THAT THE GUARDED REACTION OF THE MAIN GROUP B
COUNTRIES WILL PROBABLY LEAD HIM TO RECOMMEND A SHORTER
MEETING (TWO WEEKS) SOMETIME IN NOVEMBER. HE MAY ALSO
FLOAT THE POSSIBILITY OF AN INFORMAL "FRIENDS OF THE
CHAIRMAN" GROUP--OR SOMETHING COMPARABLE--THAT WOULD

CONTINUE WORK AFTER DATES FOR RESUMPTION HAVE BEEN SET.
THE U.S. WILL HAVE TO ADDRESS THESE ISSUES AT THE AD
HOC INTERGOVERNMENTAL GROUP MEETING IN GENEVA, JULY 10-14.

6. ON COREA'S PAPER, DESPITE THE DIFFICULTIES A NUMBER
OF DEVELOPED COUNTRIES HAVE EXPRESSED, HE APPARENTLY DOES
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GENEVA 09795 02 OF 02 281004Z

NOT FEEL UNDER SUFFICIENT PRESSURE FROM THESE COUNTRIES
TO TRY TO MAKE FURTHER REVISIONS IN IT - THOUGH THE
QUESTION OF WHETHER THIS PARTICULAR PAPER MIGHT PROVIDE
THE ACTUAL BASIS FOR A RESUMED CONFERENCE WAS NOT
SPECIFICALLY ADDRESSED.

7. THE LEVEL OF REPRESENTATION AT THIS MEETING WAS
DISTINCTLY LOWER THAN AT THE PREVIOUS MEETINGS AND THE
DISCUSSION--IN THE VIEW OF MANY PARTICIPANTS--LESS
LIVELY. WITH THE EXCEPTIONS NOTED, ENTHUSIASM AMONG THE
PARTICIPANTS HERE FOR FURTHER SUCH MEETINGS HAS WANED.
THERE WAS A WIDESPREAD FEELING THAT DIFFERENCES HAVE BEEN
NARROWED AS MUCH AS THEY CAN BE IN THE ABSENCE OF ACTUAL
NEGOTIATIONS, AND THAT THE TIME HAS COME--DESPITE THE
RISKS--TO ENVISAGE FIXING A TIME FOR RESUMPTION. ON THE
DEVELOPED COUNTRY SIDE, THIS VIEW WAS IN CONTRAST TO THAT
EXPRESSED AT LAST WEEK'S MEETING OF THE OECD HIGH LEVEL
GROUP (REF C). VANDEN HEUVEL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, FINANCIAL CONTRIBUTIONS, APPROPRIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA09795
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780267-1093
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780613/aaaaakuv.tel
Line Count: 200
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4655e57e-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 KHARTOUM 2302, 78 BRUSSELS 10257, 78 PARIS 20147
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2183307
Secure: OPEN
Status: NATIVE
Subject: COMMON FUND - GENEVA INFORMAL MEETING, JUNE 26-27
TAGS: ECON, UNCTAD
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4655e57e-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014